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Environment

SPEED PROJECT QUARTERLY REPORT

JANUARY – MARCH 2014

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JANUARY – MARCH 2014

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SPEED Project Quarterly Report

January – March 2014

EXECUTIVE SUMMARY

SPEED is a USAID-funded project designed to improve the business environment through better trade and investment policies. SPEED's goal is to have more companies doing more business, resulting in increased trade and investment and a stronger competitive position for Mozambican firms, thus creating local opportunities for jobs and income growth.

The project focuses on reforming trade and investment policies and also emphasizes the policy implementation process, including monitoring implementation of reforms. The SPEED team delivers training and technical assistance to build the capacity of business associations and corresponding government institutions and catalyzes trade and investment in Mozambique.

Over the remainder of the project, SPEED will continue to focus on supporting the Mozambican government to implement reform commitments under the New Alliance for Food Security and Nutrition, and support Feed the Future reforms more broadly. In addition, SPEED will emphasize communication campaigns and implementation support. The country is entering a new political cycle with national elections in October 2014. It is widely believed that political concerns will consume much if not most of the energy of key Ministers from June 2014. Therefore, working to improve administrative procedures, streamline processes, and build awareness and advocacy around business environment issues will likely yield better results than promoting reforms that require legislative and/or cabinet-level approval.

The SPEED approach is demand-driven and flexible, and places a high premium on the use of Mozambican expertise to achieve sustainable results. DAI and Nathan Associates implement the project with the assistance of local contractor SAL & Caldeira.

The activities described in this report are divided into four thematic sections: business environment, trade, and investment; agriculture; tourism and biodiversity; and democracy and governance. The report contains information on the context, activities undertaken this quarter, results, and next steps for each of the main activities where SPEED made substantial progress.

Business environment, trade and investment. SPEED works with the private sector and Government to improve the business environment via a wide range of partnerships and activities at both the **macro** and the **micro** level. At the macro level, SPEED works with the Tax Authority and Customs to improve the country's **foreign trade** systems to spur competitiveness and economic growth. At the other end of the spectrum, SPEED works at the more tactical level to support the Government of Mozambique's (GOM's) efforts to improve the country's ranking in

the IFC/ World Bank's *Doing Business* report. This quarter marked an increased emphasis on launching reforms that will hopefully improve the country's *Doing Business* ranking.

SPEED also works to strengthen the key **institutions** required for a strong business environment. An example includes support for building the capacity of **CTA**, the Confederation of Business Associations, which is the main private sector interlocutor with Government on business environment issues. SPEED contributes a Senior Advisor to CTA, facilitates strategy-building, and implements many joint projects.

Agriculture. With three-quarters of the population dependent on agriculture for their livelihoods, there is a consensus both globally and within the country that the private sector needs to play a leading role in developing agriculture. SPEED's activities to support the competitiveness of agriculture in Mozambique center upon providing a **Senior Economic Advisor** to the Minister of Agriculture, whose primary responsibility is to develop and implement the Agriculture Investment Plan. A central focus of the Senior Economic Advisor and the rest of the SPEED team is support to the Government of Mozambique to implement policy commitments under the **G8 New Alliance for Food Security in Africa**. In addition, SPEED supports a number of **targeted activities** that have been specifically identified by the private sector in agriculture. An example is the SPEED-supported campaign against illegal taxes in agriculture.

Tourism and biodiversity. SPEED's work in tourism and biodiversity focuses on helping Mozambique to realize its potential competitiveness in the sector. Tourism is widely seen as one of the most effective ways of preserving biodiversity, as market forces all pull in the same direction – consumers and providers all have an interest in preserving the natural environment and ensuring sustainable use of natural resources. In addition, tourism tends to be labor-intensive, thus providing opportunities for broad-based economic growth as well as biodiversity. The majority of SPEED's effort helps ensure a private-sector friendly **legal and regulatory regime**. An example of legal and regulatory work includes an examination of competition in aviation (Open Skies initiative). In addition, this quarter SPEED began supporting ANAC, an autonomous government entity recently set up to promote biodiversity across Mozambique's national park system.

Democracy and Governance. SPEED's work on democracy and governance aims to improve **transparency** around issues such as the impending resource boom, the increased visibility of the private sector in policy, and the improvement of corporate ethics. Specifically, SPEED continues to raise the quality and level of dialogue around the country's **resource boom**, including the newly proposed fiscal regime for extractives and local content regulations. This issue will continue to grow in importance from the democracy and governance perspective. Another key area of work includes the development of a legal framework to formalize public

participation in the policy process. There is now a solid consortium of actors from the private sector and civil society committed to drive this new legislation forward.

Capacity building. This quarter SPEED facilitated four **capacity-building events** in support of its technical programs, with a total of around 137 participants, including more than 30 women (see Annex 1).

Management and administration. This quarter, in anticipation of the need to scale up programs over the next year, SPEED welcomed Domingos Mazivila, Rosario Marapusse, and Carlos Matos on the technical side, and Laura Nyanombe to support procurement. In addition, SPEED hosted a mini-workshop on strategy with senior USAID colleagues and increased its presence on social media.

BACKGROUND

SPEED is a USAID-funded project designed to improve the business environment through better trade and investment policies. SPEED works to improve the business environment by supporting and expanding ongoing efforts to strengthen Mozambique's economic, legal, and governance systems. SPEED's goal is to have more companies doing more business, resulting in increased trade and investment and a stronger competitive position for Mozambican firms, thus creating local opportunities for job and income growth. SPEED's [website](#) contains further information and reports published by the project, as well as a number of timely [blog](#) posts.

The project focuses on reforming trade and investment policies and also emphasizes the policy implementation process, including monitoring implementation of reforms. The SPEED team delivers training and technical assistance to build the capacity of business associations and corresponding government institutions and catalyzes trade and investment in Mozambique.

Over the remainder of the project, SPEED will continue to focus on supporting the Mozambican government to implement reform commitments under the New Alliance for Food Security and Nutrition, and support Feed the Future reforms more broadly. In addition, SPEED will emphasize communication campaigns and implementation support. The country is entering a new political cycle with national elections in October 2014. It is widely believed that political concerns will consume much if not most of the energy of key Ministers from June 2014. Therefore, working to improve administrative procedures, streamline processes, and build awareness and advocacy around business environment issues will likely yield better results than promoting reforms that require legislative and/or cabinet-level approval.

The SPEED approach is demand-driven and flexible, and places a high premium on the use of Mozambican expertise to achieve sustainable results. DAI and Nathan Associates implement the project with the assistance of local contractor SAL & Caldeira.

SPEED is a four year \$19.4 million project which started in August 2010. Funding obligations for the project equaled \$12,554,506 as of March 2014.

This Document

The activities described in this report are divided into four thematic sections: business environment, trade, and investment; tourism and biodiversity; agriculture; and democracy and governance. The report contains information on the context, activities undertaken this quarter, results, and next steps for each of the main activities where SPEED made substantial progress. In addition, those activities that address policy, regulatory or administrative procedure reforms as defined in the SPEED Indicators Tracking Table (SITT) make specific reference to the SITT stage of reform for ease of cross-referencing between this Quarterly Report and the SITT report.

TECHNICAL ACTIVITIES

Business Environment, Trade and Investment

SPEED works with the private sector and Government to improve the business environment via a wide range of partnerships and activities at both the **macro** and the **micro** level. At the macro level, SPEED works with the Tax Authority and Customs to improve the country's **foreign trade** systems to spur competitiveness and economic growth. At the other end of the spectrum, SPEED works at the more tactical level to support the Government of Mozambique's (GOM's) efforts to improve the country's ranking in the IFC/ World Bank's [*Doing Business*](#) report. This quarter marked an increased emphasis on launching reforms designed to improve the country's [*Doing Business*](#) ranking.

SPEED also works to strengthen the key **institutions** required for a strong business environment. An example includes support for building the capacity of **CTA**, the Confederation of Business Associations, which is the main private sector interlocutor with Government on business environment issues. SPEED contributes a Senior Advisor to CTA, facilitates strategy-building, and implements many joint projects.

Current quarter results based on previous work. This quarter, SPEED has made progress on and advanced the following initiatives:

Tax laws for extractives sectors

The draft mining and petroleum tax laws could be among the most important pieces of legislation to be passed in Mozambique for the next generation, and the Tax Authority (AT) has listened to many different perspectives. SPEED mobilized a top expert to prepare detailed comments to both drafts as well as outlined best international practices in the area. The main objective of these comparisons was to inform Mozambique's government, the private sector and civil society about the most important vehicles used to maximize revenues from non-renewable sectors in a transparent and fair manner. The draft laws were presented to the Council of Ministers (Cabinet) in March 2014. At CTA's request, SPEED has re-studied both laws and alerted of prevailing and possible shortfalls therein; while many of CTA/SPEED's comments were incorporated, significant issues remain. The Government, through the AT, has indicated that it would like further support from SPEED to help develop appropriate regulations to implement the laws.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2014 Q2
49	Mining tax law and Petroleum tax law	Policy	3. Presented for legislation

Competitiveness in light of the resource boom

Building on SPEED's earlier analytical work that highlighted the potential for Dutch Disease and other problems associated with the resource boom, CTA asked SPEED to undertake some preliminary work to define the issues related to competitiveness of Mozambique's non-extractive tradable sectors. The [report](#) was finalized in October 2013 and identified the main competitiveness bottlenecks and policy recommendations in four focus areas: agriculture, tourism, manufacturing, and labor (costs, productivity, training and education). This quarter, the work was submitted for consultation together with CTA and deeper work began in the areas of labor, agriculture and tourism.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2014 Q2
56	Competitiveness in light of the Resource Boom	Policy	2. Presented for consultation

Current quarter results based on previous work, cont'd.

Competition law support

In April 2013 Law No. 10/2013 approved a new legal framework for competition in Mozambique. The new competition law creates a Competition Regulatory Authority of Mozambique, which shall operate as an independent administrative body. The Minister of Trade and Industry requested SPEED to support the drafting of three key regulations to establish the competition authority (CA). One of these regulations was submitted to the Council of Ministers. Once approved, the CA will be created.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2014 Q2
62	Competition law - regulation	Regulation	1. Analyzed
			2. Presented for consultation

Partnership for Trade Facilitation

Context. Following the recommendations from WTO, WCO and others, Mozambique has carried out a number of customs reforms for facilitating trade. Despite these efforts, reports such as the *Doing Business* report from World Bank still find procedural difficulties, time delays and high costs in the processes for importing and exporting goods to and from Mozambique. At the same time, Mozambique introduced the Single Electronic Window (SEW) system in April 2012, which is a positive development but has encountered some serious “teething” problems as implementation has not always been smooth.

USAID / SPEED engaged with the Mozambican Tax Authority (AT), CTA, and other organizations to find solutions to these problems. Specifically, under the Partnership for Trade Facilitation Program (PTF), SPEED provides capacity-building to AT in three areas: internet upgrade, customs transit and pre-shipment inspection (this last activity has not yet begun).

This quarter. SPEED worked with Customs to discuss the requirements for equipment to setup transit hubs. Procurement and supply is expected to take place over the next couple of months. A SoW was produced for an impact assessment of the training dissemination of the new Customs Transit decree, DM 116/2013. There is need to assess the current status at the points of entry and exit as well as the perceptions of the participants about the results of the training. A consultant was hired.

Regarding the website upgrade, Mz Business has presented a prototype of the website. The prototype of the website is ready and tests were run successfully. Now it is pending connection to the ATM call center as well as the approval of the site by AT. Hardware equipment was acquired, installed and configured. The goal is to present the site to the CST (AT Board) for approval and officially launch the website May 2014.

Regarding pre-shipment inspection (PSI), a broad and high-level meeting was held to define the way forward for the assessment study on PSI in Mozambique. The meeting involved ATM, Customs, MIC, USAID and CTA. As added background to this meeting, it is important to note that a new WTO Trade Facilitation Agreement was reached in Bali, Indonesia and is going to be enforced in 2015 for all member countries. Its article 5.1 states that “members shall not require the use of pre-shipment inspections in relation to tariff classification and customs valuation” which is currently the case in Mozambique. The meeting resulted in the consensus that there is need to migrate from PSI to a risk-based inspection system that would mainly look into quality and standards of imports and that would be conducted by local authorities, in line with best international practices. SPEED plans to work with ATM to propose a clear actionable plan for substitution of PSI by a risk based inspection.

Results. The website prototype is ready and functional.

Next steps. On customs transit, equipment procurement and supply is expected to take place over the next quarter. The impact assessment of Customs Transit decree, DM 116/2013 is also going to take place over the next quarter. A report will be produced.

On website upgrade, the final product is going to be submitted to the CST (*Conselho Superior Tributario*) and approved for launch. Launch is expected for the second week of May. The goal is to publish information about the website before launch and organize a launch event. Training of programmers is ongoing.

On pre-shipment inspection, the AT president has formally requested the work and SPEED will undertake this study over the course of next quarter.

Doing Business Quick Wins for 2014

Context. The Mozambican government has firmed up its commitment to improving the country’s [*Doing Business*](#) rankings and the overall enabling environment for private sector growth. Recently, a series of reforms on the Dealing with Construction Permits indicator saw Mozambique rise in the [*Doing Business*](#) ranking 46 positions and three positions on the overall ranking from 139 to 142 out of 185 economies. SPEED directly supported the implementation of these reforms.

Despite an improvement of three ranking positions over *Doing Business* 2013, Mozambique remains well below SADC's top performers, Mauritius and South Africa. There is need to work harder and implement reforms. Ideally, the majority of the reforms should be implemented before the *Doing Business* 2015 deadline of June 2014. SPEED identified three indicators that could undergo short term reforms, suitably called 'quick wins'. Quick wins are short term administrative reforms with potential for high impact. They would enable Mozambique to move up in the [Doing Business](#) rankings and have a reasonable chance of being implemented in the short term. The identified indicators are: Starting a Business, Registering Property and Paying Taxes.

This quarter. SPEED worked with MIC and other stakeholders to identify Quick Wins and produce scopes of work for implementation of reforms. SPEED conducted an analysis that provides estimates of the number of places that Mozambique could move up in the overall [Doing Business](#) ranking in 2015 if each of the reforms is fully implemented before June. These estimates make the following two assumptions: no new countries are added for *Doing Business* 2015, and no other countries' scores change. It is, of course, highly unlikely that other countries' scores will not change, but an analysis of likely changes in other countries' scores is beyond the scope of this exercise. See the following table for estimates on the impact of the reforms on Mozambique's overall position in the ranking.

Indicator	Before reforms	After reforms	Absolute variation	Contribution to overall impact (%)
Starting a business	139	130	9	25
Registering property	139	130	9	25
Paying taxes	139	121	18	50
Overall impact	139	115	24	100

On [Starting a Business](#), in 2013, SPEED supported MIC to streamline application forms for starting a business in Mozambique and coordinate with the various public institutions involved. Streamlined forms and procedures are consistent with the new Integrated Platform of Services to the Citizen and the implementation of *BaUs* (*Balcão de Atendimento Unico, or one-stop service center*). Over the quarter, SPEED produced a scope of work for implementation of the new form and helped print 10.000 forms that will be utilized to roll out a pilot project to introduce the new form for starting a business in Mozambique.

On [Registering Property](#), one procedure has already been streamlined by eliminating a step in issuing the certificate of registration. SPEED drafted a scope of work to help fuse two procedures (SISA with the Property Registry) through the BAUs.

On [Paying Taxes](#), the focus of reform is the introduction of an online tax payment system, the e-tax. E-tax is being rolled out since April 3, 2014. It will start primarily for the VAT and ISPC.

SPEED worked with AT over the quarter to design a campaign to update NUITs (tax registration numbers) and register people into the system, so that they can have access to the e-tax for VAT and income tax payment purposes. Other tax regimes will follow suit in 2015. SPEED agreed to support a campaign in Maputo and Matola. Lessons learned will be later replicated to other points in the country.

Results. None yet, although it is hoped that these activities will have an impact on Mozambique's *Doing Business* ranking.

Next steps. On Starting a Business, SPEED will hire a specialist to monitor and evaluate the rollout of the implementation of the new form and procedures. The pilot will be conducted over a period of three months.

On Registering Property, SPEED is considering how to further support and streamline the fusion of the SISA with the Property Registry through the BAUs. Brochures will be produced to disseminate the existing short term-administrative reforms.

On Paying Taxes, the e-tax campaign will take place over the next quarter. It will involve seminars, road shows and door to door campaigning. AT will regularly report on the progress of the campaign.

Getting electricity

Context. Getting electricity was one of the indicators showing no progress in the [Doing Business 2014](#) report. In fact, the country experienced no progress over the previous three years. The [Doing Business Report 2014](#) mentions that it takes approximately 107 days to establish electricity in Mozambique, compared to 89 days on average in OECD countries.

To reduce the amount of time to connect, the Ministry of Energy, in coordination with Electricity of Mozambique has introduced substantial reforms that should result in the reduction of administrative procedures. These reforms, given their impact, need to be widely disseminated and implemented correctly across the country. The DASP (Directorate of Support to the Private Sector) within the Ministry of Industry and Trade, with support from USAID / SPEED, intends to pursue an outreach campaign explaining the new procedures for getting electricity.

This quarter. USAID / SPEED in coordination with DASP worked on the key messages for the outreach campaign and released a request for proposals to hire a graphic design company to produce the communications materials.

Results. None yet. However, these reforms are expected to contribute to improving Mozambique's overall Mozambique ranking in the next *Doing Business* report.

Next steps: In partnership with DASP, SPEED will support ME/EDM to identify and implement further reforms related to getting electricity and also on the mechanisms to improve the quality of electricity.

Evolution of the business environment

Context. At the XIII CASP (annual private sector conference with the President of the Republic), the Minister of Industry & Commerce indicated that the government has complied with 80% of its targets for business environment reform. His comments coincided with the conclusion of the first phase of the EMAN (national strategy to improve the business environment) and preparations to implement a second phase of business environment reform.

Despite the government's optimism about its policy reform activities, businesses' experience on the ground indicates that little has changed over the past several years. Companies are still severely affected by uncertainty in the business environment, unpredictable application of legislation, and other barriers to investment.

ACIS and CTA identified the need to conduct a fact-based analysis that evaluates what has been done to improve the business environment since the CASP began in 1996.

This quarter. An analysis was conducted in 2013 to assess the evolution of the business environment in Mozambique. It looked at the various socio-political, economic and institutional aspects that conditioned the existing status quo. This required a comparison of the CASP matrices, EMAN I and its outcomes, the IAN (Investment Confidence Index) and *Doing Business* surveys. By mapping progress in the dialogue mechanism provided by CASP against actions taken in EMAN and the resulting rise or fall of business confidence (IAN) and world rankings (*Doing Business*), the paper presented a detailed overview of the impact of reforms to date, and highlighted what has still to be done.

English and Portuguese versions of the document are now available on the [website](#). The paper was presented to the Private Sector Working Group (PSWG) and received positive comments about how best to move forward. Specific feedback included comments on how to work at the sub-national level for better results, the need for more specific lessons and recommendations for public private dialogue, and the best structure for coordinating business environment issues within the GOM.

As a result of this, CTA and ACIS requested assistance to analyze best practice approaches to public private dialogue (PPD), gather inputs from local opinion-formers on potential new approaches to PPD for Mozambique. Based on the analysis a workshop was held for the private sector to discuss the findings of the original report and the additional analysis.

Results. The Assessment of the Evolution of the Business Environment 1996 – 2013 was completed and widely disseminated, resulting in discussion by government and donor organizations. The paper improved various stakeholders’ understanding of the evidence surrounding progress – or lack thereof – on improving the business environment over the past 18 years.

Following dissemination of the report a workshop for the private sector was held to discuss options to improve existing PPD mechanisms and to agree on approaches going forward.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2014 Q2
52	Business Environment Evolution	Admin Procedures	2. Presented for consultation

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2014 Q2
63	Public Private Dialogue Mechanisms	Policy	1. Analyzed
			2. Presented for consultation

Next steps. The PPD structures discussed by the private sector should be incorporated into working practice at CTA and discussed with the government to agree upon new approaches to more effective PPD. It is envisaged that the movement to promulgate Public Participation legislation will form an integral part of this approach.

Nacala special terminal

Context. In February 2010, the Government of Mozambique approved the creation of a new Port Terminal in Nacala (TEEN) which was later concessioned to a private company (NCL & Africa Import and Export Ltd) to operate. The purpose of the terminal was to unblock the Maritime international terminal which was completely overloaded. The two terminals were operating simultaneously and providing the same services to exporters and imports until January 18, 2012, when the customs authority announced a mandatory use of the new terminal by exporters.

Traders of Northern provinces represented by Conselho Empresarial Antena Norte and ACIANA (Commercial and Industrial Association of Nampula) complained about the introduction of this terminal, in addition to the existing scanner at the Port of Nacala, duplicated tasks, increased costs, was time consuming, was located in a difficult place to access and lacked the minimum technical standards required for an export port terminal.

To address these issues, CTA asked SPEED to conduct an evaluation of the TEEN that would look at both economic impact and legal issues.

This quarter. The contractors began the work over the course of the quarter.

Results. None yet. However, it is hoped that the recommendations will ease the mandatory aspects of using the TEEN and thus introduce competition and efficiency.

Next steps. The work will be completed and a workshop conducted toward the end of May 2014.

Non-intrusive inspection (scanners)

Context. In April 2006, the Council of Ministers approved the Decree 10/2006 which allowed the introduction of non-intrusive customs inspections using modern scanning technology. The service is provided through a concession to a private sector operator. The Decree provided that the operator could recover its costs by charging fees to users.

Since the introduction of non-intrusive inspection of goods at ports and borders in Mozambique, there has been recognition of the importance of the use of scanners to facilitate imports and exports. The private sector has also expressed some dissatisfaction; CTA does not agree with the costs and procedures involving the use of scanners, and believes that the legislation is not aligned with international best practices. Similar to pre-shipment inspection, this issue that has languished on the list of CTA policy priorities. Studies have been conducted around the implementation and cost of scanners in Mozambique and recommendations made for improvement, with no real reforms to date. Moreover, there is no regulatory framework in place for implementation of procedures for scanning goods in Mozambique.

CTA requested support from SPEED to conduct a study to review the legal framework for scanning in terms of the appropriateness of its requirements for each mode of transport (air, sea, rail and land), and inform the development of appropriate regulatory framework. The study will recommend ways to implement a risk management system and provide comparative analysis of the law with those of other countries in SADC and international trade standards.

This quarter. CTA worked with SPEED to prepare the scope of work for the study on non-intrusive inspection in Mozambique. The law firm Sal&Caldeira won the bid and was hired to conduct the legal review and comparative analysis study on scanners.

Results. None yet.

Next steps. A legal review and comparative analysis study will be finalized next quarter together with a proposed action plan for implementation of recommendations. Workshops will be held to present and discuss findings and recommendations of this study.

Labor market competitiveness

Context. With significant discoveries of coal and natural gas, the mineral resources sector will generate major inflows of foreign exchange that could rapidly transform the country. These resources have the potential to increase public revenues, which may be used to improve productivity, incomes, and the country's competitiveness. However, massive inflows of FDI can place significant pressures on an economy. For example, the value of the Mozambican Metical could appreciate in real terms, causing so-called "Dutch Disease," i.e., bringing shifts in the relative prices of tradables and non-tradables, labor costs, incentives to trade, and negative pressures on economic competitiveness.

Nearly four-fifths of Mozambicans derive their income from agriculture, producing marketable surpluses for income. Rural households may also participate in cash labor activities on- or off-farm, operate non-farm small businesses, or send one or more household members to the city or abroad to generate supplemental income. Appreciation of the Metical, stagnant agriculture productivity, and barriers to labor market mobility may have negative impacts on the agricultural sector, in particular on family farmers, resulting in potentially reduced incomes, greater poverty, and increasingly fragile food security.

In addition to agriculture, the extractive industry, tourism and manufacturing are also likely to be affected by resource boom-driven changes to the labor market. In addition, the country's cumbersome business environment could pose significant risk to the overall economy. Therefore there is an urgent need to understand the potential scenarios and develop policy options to manage the potential risks to key economic sectors.

In collaboration with CTA, SPEED commissioned a study of the Mozambican labor market that will survey the literature; characterize the labor market's segmented structure, costs, and elasticity's; describe expected labor market impacts of growth in the mining and construction sectors; characterize through a set of alternative scenarios the expected impacts of such changes elsewhere in the economy, including on rural smallholders in Mozambique; examine current policies that affect the labor market; and present scenarios of alternative policies to mitigate the expected impacts. The study will be widely shared and discussed with stakeholders in Mozambique. A key objective of the work is therefore to provide a sound basis for discussion amongst public and private stakeholders.

This quarter. During this period, the scope of work for this study was extensively discussed and agreed upon; and the field work was prepared with the international and locally-based consultants. Data collection was conducted through interviews, and bilateral meetings with key informants. A follow up questionnaire for the export-oriented labor extensive manufacturing industries was prepared, and sent out electronically, including through survey monkey.

Results. None yet.

Next steps. Upon receipt of the report, SPEED will review and organize a launching seminar, where the report will be presented for discussion. SPEED will upload blogs and other materials on labor competitiveness in Mozambique.

Impact of “tolerancias do ponto”

Context: The Mozambican Labor Law provides for the concept of tolerâncias de ponto – TdP. These are ad hoc public holidays which must be declared by the Minister of Labor and which are to be declared and communicated with a minimum warning period of 48 hours. As a matter of practice the Minister consults with the tripartite labor committee (CCT) for approval when declaring TdP. However, since the body is tripartite, unions and government are able to out-vote the private sector. This means that TdP are generally declared even if the private sector opposes them. On the other hand, even when the business community is consulted through the CTA representative at CCT, the time given to respond is rarely sufficient to permit a wider consultation among the private sector.

TdP represent a political tool which is used particularly in election years to gain favor with the electorate. For example, to date in 2014 there have been three TdP as well as two official public holidays in a 39 day period.

There is increasing pressure from the private sector to limit the declaration of TdP and to take into account its impacts on business, as well as to improve predictability in the working year. In light of this, CTA requested support from SPEED to quantify the economic cost of TdP to business and identify the various economic issues affecting business so that these can be put forward as a basis for developing an improved legal framework to manage the TdP issue.

This quarter: SPEED conducted economic and legal analyses of the TdP issue to support CTA in advocating for an improved legal framework and a more predictable system of holidays based on an understanding of the economic impacts of such holidays.

Using an evidence-based formula, economic analysis found that **the economy loses at least 48% of daily GDP, or an estimated US\$ 26 million per day.**

Results: SPEED produced two documents, one outlining and quantifying the economic costs of ad hoc public holidays and one proposing legal revisions to make the declaration of holidays more predictable and less of a burden to business. The documents will be provided along with briefings by the relevant experts to CTA and, where relevant, to members of the tripartite forum, CCT.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2014 Q2
64	Economic cost of "tolerancia de ponto"	Regulation	1. Analyzed

Next steps: Dissemination of the outcomes and support to CTA in advocating for the implementation of the relevant legal reforms.

Support to CCT

Context. CTA is a member of the Labor Advisory Committee (CCT) as representative of the private sector. This social dialogue committee is tripartite, in addition to CTA it comprises of representatives of the labor unions and the Government, while it is chaired by the Minister of Labor. USAID/SPEED, upon request of CTA, hired a consultant to offer technical advisory services to CTA. The assistant will participate in the process of determining the minimum wages per sector, which are reviewed annually.

This quarter. The technical assistant supported CTA at CCT in discussion and negotiation of the minimum wage for 2014. The assistant is helping CTA organize the minimum wage for the CCT plenary section, the main objective of this meeting is to communicate to the government the final agreement on minimum wage between labor unions and private sector. The final proposal of the minimum wage was validated by the CTA labor working group and will be submitted for discussion at CCT.

Results. The matrix of minimum wage for each sector was submitted to the CTA labor working group for consultation and then submitted for approval by CCT.

Next steps: Present the proposal at CCT plenary section and adopt the new minimum wage for 2014. SPEED is considering the possibility of supporting CTA to draft a note about best practices in minimum wage negotiations.

Institutional support to CTA

Context. CTA is the primary private sector counterpart that advocates for policy change with Government. To strengthen the quality of services provided to its membership, SPEED is providing capacity support to CTA in the form of a Policy Analyst and Technical Assistance on demand. With this assistance, CTA is more effective in engaging the government in policy dialogue on behalf of the private sector

This quarter. Following the study undertaken by CTA to evaluate the Impact of the Air Transport to the Tourism Sector the Government represented by the IACM (Instituto de Aviação

Civil de Moçambique) has recognized CTA as its main private sector partner for policy reform in the aviation sector. As such, CTA is being consulted to comment several laws and regulations, including the Revision of the Civil Aviation Law, Revision of the Bilateral Agreement Mozambique/South Africa, introduction of a new Regulation on Non-Compliance and Respective Penalties for the aviation industry among others.

Another important sector that is receiving CTA attention with SPEED support is the extractive industry where assistance is being continuously given to: a) review the regulatory framework for oil, gas & mining including the Oil Tax Law, Mining Tax Law and on its very starting stage the revision of the Oil Law and the Mining Law; b) Local Content, under which following the assessment on Policy Options for Local Content in Mozambique, CTA with SPEED support is (i) creating a Local Content Task Force, including public institutions and private sector, (ii) undertaking an advocacy campaign on Local Content (workshops, seminars, etc).

Additional support is being given to increase the Labour Competitiveness, under which SPEED is supporting CTA with an Assistant to the CTA Labour Working Group, evaluation of the impact of “*Tolerâncias de Ponto*” on Mozambique’s productivity, assistance of CTA at CCT, a tripartite body to discuss labour policy and regulations, including the minimum wage.

Also with support of the Policy Analyst, CTA designed the TOR’s and secured funding for several studies and analytical studies including: (i) Analysis of the possibility of introducing a new Tax Levy to support private sector efforts to improve the skills of the manpower in the sector and global advertising of Mozambique as a tourism destination; (ii) Assessment of the current stage of international trade in Mozambique aiming to assist CTA in reviewing trade related issues such as non-tariff barriers facing Mozambique trade partners, particularly SADC partners, reviewing the main trade barriers facing exporters of non-tradable goods (i.e. agriculture products, fisheries, etc) and in developing a position and strategy paper (that will help better position CTA’s Trade-related pelouros and CTA as a whole) to promote trade-related reform efforts, particularly those that help export-oriented sectors; and (iii) Analysis of LAM Air Tariff to understand its structure and the weight of government taxes and levies on the price formation.

Finally, with SPEED support, CTA is negotiating with the Government the improvement of the Public/Private Sector Dialogue (PPD) Model, to increase the effectiveness of the dialogue on policy reform to improve the business environment.

Results. There is a perception that the board in charge has improved a lot its negotiation power with Government and better represents the private sector interest. As a result for the next elections to be held in April only one list is competing.

Next Steps. Additional technical assistance will be needed to respond to the policy reform needed to increase competition in the air transport sector domestic & regional transport and

IACM compliance with ICAO recommendations and regulations. Also TA will be needed, improve the PPD Model and to support the Local Content Task Force (LCTF) on the designing and implementation of its Action Plan and Local Content Policy.

AMCHAM strategic plan

Context. The United States-Mozambique Chamber of Commerce is an independent, non-profit organization dedicated to the promotion of trade and investment between the United States and Mozambique. The Chamber's goal is to put the private sector at the forefront of Mozambique's development. Trade and investment create jobs and provide many other benefits to the citizens of Mozambique and the United States, as well as other participating organizations. USAID/SPEED is supporting AMCHAM to develop a five year strategic plan that will enable AMCHAM to fulfill its mission and become a key facilitator between Mozambican and US business communities and thus make a considerable contribution for the Mozambican economic growth.

This quarter. In collaboration with AMCHAM, USAID/SPEED launched the consultancy to develop AMCHAM's five year strategic plan.

Results. None yet.

Next steps: The preliminary report will be ready in May 2014 at which time the major findings will be presented at a workshop.

Agriculture

Agriculture. With three-quarters of the population dependent on agriculture for their livelihoods, there is a consensus both globally and within the country that the private sector needs to play a leading role in developing agriculture. SPEED's activities to support the competitiveness of agriculture in Mozambique center upon providing a **Senior Economic Advisor** to the Minister of Agriculture, whose primary responsibility is to develop and implement the Agriculture Investment Plan. A central focus of the Senior Economic Advisor and the rest of the SPEED team is support to the Government of Mozambique to implement policy commitments under the **G8 New Alliance for Food Security in Africa**. In addition, SPEED supports a number of **targeted activities** that have been specifically identified by the private sector in agriculture. An example is the SPEED-supported campaign against illegal taxes in agriculture.

New Alliance for Food Security and Nutrition

Context. In 2012, the Government of Mozambique and the G8 members committed to the New Alliance for Food Security and Nutrition initiative aimed at generating greater private investment in agricultural development, scaling innovation, achieving sustainable food security outcomes, reducing poverty and ending hunger. Under the New Alliance, the private sector committed to make investments in agriculture projects that have a pro-poor element, the government agreed to implement 15 key policy reforms under the [Country Cooperation Framework](#), and the donor community promised to support the policy reform process.

Private sector representatives have indicated that they intend to invest in Mozambique's agriculture sector in support of the CAADP/PEDSA National Investment Plan for Agriculture and Food Security (PNISA). They signed Letters of Intent with the government that solidify their intentions. However, to date there has been a notable lack of engagement by private companies in the policy reform discussion.

The Government has made some progress on the 15 promised reforms (see table below). However, much work remains, especially in terms of ensuring that these reforms facilitate private sector involvement in the sector and implementation.

The development partners, including the G8 countries, made commitments to support Government reforms and encourage private investors. They recognize the need to work more closely with each other and with Government counterparts to more fully harness their collective efforts.

New Alliance for Food Security & Nutrition in Mozambique - Policy Framework	
1	Revise and Implement National Seed Policy
2	Implement approved regulation governing seed propriety laws which promote private sector investment in seed production (basic and certified seed).
3	Revise and approve legislation regulating the production, trade, quality control and seed certification compliant with the Southern African Development Community (SADC) Seed Production (basic and certified)
4	Develop and implement a national fertilizer regulatory and enforcement framework
5	Assess and validate the National Fertilizer Strategy
6	Adopt procedures for obtain rural land use rights (DUATs) that decrease processing time and cost
7	Develop and implement a national fertilizer regulatory and enforcement framework
8	Eliminate permit (guia) requirements for inter-district trade in Agriculture commodities

9	Develop and approve invoices that can be issued by purchasing firms on behalf of suppliers (i.e. smallholder producers) that are not registered taxpayers; develop and approve respective monitoring and control procedures. Implement fiscal education program for small holders, concluding tax registration.
10	Eliminate the Simplified VAT scheme and replace with the existing ISPC (Simplified Tax for Small Contributors
11	Approve a decree allowing the setup of Private credit information bureaus
12	Enact mobile finance regulations that are risk-based and allow for experimentation and innovation
13	Enact approved Food Fortification Regulations (including bio-fortification).
14	Determine optimal structure for institutional coherence within nutrition, as per SUN country - Level Strategic priorities
15	Ensure the PAMRDC and CAADP/PEDSA implementation plans are aligned with one another

This quarter. Over the course of the quarter, SPEED deepened and accelerated engagement with the Ministry of Agriculture, USAID and other stakeholders to increase private sector engagement in the New Alliance process, support progress toward implementation of key policy commitments, and promote coordination and collaboration across various stakeholder groups.

SPEED is in discussions with CTA and LOI companies to organize a High Level Business Advisory Group on the New Alliance. This forum will advocate and push for policy reforms.

SPEED translated and uploaded seed and fertilizer policy and regulations to SPEED's Website. SPEED conducted a high-level analysis on the seed documents to establish whether they promote competitive, private sector agriculture input markets, especially for smallholder farmers. On fertilizers, SPEED is working to determine the extent to which the policy is being implemented and enforced by the GOM.

SPEED is working with the Ministry of Agriculture on streamlining and the process for obtaining land and eliminating illegal and unnecessary fees and taxes in agriculture. See sections on "Rural land legal framework capacity building" and "Illegal fees campaign" for more details.

On taxes, CTA, with the support of USAID /SPEED, proposed a pilot project to implement the policy in selected provinces (e.g., Manica, Tete, Zambezia and Nampula). The 12-month pilot aims to identify formal and recognized companies that are allowed to issue receipts on behalf of unregistered farmers and bring them into the tax system.

On nutrition, SPEED drafted terms of reference for a high-level analysis of the Action Plan for the Reduction of Chronic Malnutrition and is currently seeking a consultant to undertake the study. This analysis is designed to enhance the quality of ongoing policies, and to offer suggestions for improvements based on international best practices.

SPEED, in coordination with the AGREED Donor Working Group, is leading an initiative to track Government and donor support to the PNISA as well as track all off-budget programs in the agriculture sector. A database spreadsheet has been outlined and circulated to development partners. Database criteria include activities, locations, funding amount, duration, Off/On budget, Alignment with New Alliance, etc.

Results. Only two multinational companies have established a commercial presence in Mozambique and one of them is operational in the field. This last company has invested \$100 million in support of education programs in the north of Mozambique. Another company is in advanced stage of identifying land to establish service center in Mozambique.

SPEED has posted all New Alliance-related documents on its Website, including the following:

1. [PEDSA Eng](#)
2. [PEDSA Port](#)
3. [SEEDS Regulations](#)
4. [Draft Regulation on new plants variety](#)
5. [Fertilizer Strategy Eng](#)
6. [Fertilizer Management Regulation Eng](#)
7. [Fertilizer Management Regulation Port](#)
8. [Mozambique Seeds Registration Process](#)
9. [the Action Plan for Multi-Sector A Reduction in Chronic Malnutrition Mozambique Nutrition,](#)
10. [The Decree Creating SETSAN](#)
11. [\(Decree 9/2009\) to Eliminate "Guia Requirements for Inter-District Trade](#)
12. [High Level Analysis of the Seeds Regulation](#)

Next steps. The High Level Business Advisory Group is scheduled to have its inaugural meeting in May. SPEED will support a national conference on seeds, together with the Swiss Development Corporation, at which it will offer a more in-depth analysis of the new regulations. SPEED will also promote dialogue between the Business Advisory Group and the Government on this topic, as well as engage in further dissemination activities. On fertilizers, SPEED will conduct in-depth analysis and dissemination. On taxes, SPEED will continue to work with CTA and the Tax Authority to advance and pilot the agreed reforms. For nutrition, SPEED will disseminate this analysis through workshops and other means. Finally, SPEED will continue to improve dissemination and communication on progress toward New Alliance goals via the website, a blog series, workshops, and other activities.

Competitiveness in agriculture

Context. Mozambique's emerging and fast growing extractive industries, particularly coal and gas, raise a legitimate development quest: will Mozambique fall victim to the well-known "Dutch disease" that has occurred in countries like Nigeria and Angola? The latter have so far

failed to translate resource abundance into equitable and sustainable growth. Or will the country build on the benefits of coal, gas, and other mineral resources to spur resource-led growth that can lead to more diversified economic growth if the government pursues sound macroeconomic policies and wise management of returns from natural resources? How can Mozambique avoid falling into the well-known resource curse, the paradox of plenty?

Mozambique's future growth story should not be limited to the extractive industries. The importance of other sectors, including agriculture, should continue to pave an important path to Mozambican development. How? What should be done? What to expect in terms of likely impact of emerging and fast growing extractive industry on the agriculture sector? All these issues should be understood today, to inform decision makers and investors to take "right" decisions and actions today. Understanding the likelihood of and the potential impact of the "Dutch disease" on agriculture industry particularly on its tradable value chains industries is critical.

SPEED supported work on natural resource boom and commissioned a study on [Competitiveness in Light of Mozambique's Resource Boom](#). The study will help build understanding and develop consensus around the opportunities and challenges to Mozambique's economic competitiveness and growth as a result of the current resource boom. This study takes a deep dive on Mozambique's agriculture competitiveness and examines issues arising from the resource boom.

Specifically, the study on agriculture competitiveness aims to explore the potential impact of Mozambique's extractive industry (particularly coal and gas) on selected agricultural value chains. The study will identify potential exposure to changes driven by the expected boom in resource revenues, such as metical (local currency) appreciation, the exponential demand for agricultural products, the development of extractive industry associated infrastructure, increased labor costs, reduction in available labor skills, and other impacts likely to affect the agriculture industry. It will consider alternative scenarios, demonstrating what would be required to ensure sustainable competitiveness in the sector, identifying potential risks and opportunities, and highlighting factors that could cause stagnation, decline or boost the agriculture sector.

This quarter. SPEED mobilized an international consultant to provide technical advisory services and collaborate with a local team in the development of the study. The study's research agenda and value chain cost structure model have been developed. SPEED engaged critical stakeholders supporting the study as key informants and stakeholders to validate study findings and recommendations.

Results. None yet.

Next steps. Next quarter the study will be completed and a public workshop held to discuss the findings and implications for government policy.

Illegal fees Campaign

Context. The SPEED study on [Non-Fiscal Barriers](#) (NFB) to Agriculture in Mozambique (August 2013) commissioned by CTA provides an overview of the structure and dynamics of the NFB to Agriculture, negatively impacting the agriculture industry's competitiveness. These distortions range from inappropriate application of customs procedures, access to diesel subsidies, deficit in access to finance, to proliferation of transit check-points and commodities transit permits within local markets.

To address one of the key issues raised, the study recommended a national communication campaign against the illegal and informal taxes, permits or fees, and called for their abolition. It is in this context that CTA, in collaboration with SPEED, plans to engage professional marketing services to assist with designing and implementing a communication campaign against the illegal taxes in the agricultural industry. The campaign will target audiences dealing with agricultural transport and marketing and specific geographical areas where these fees have become particularly problematic. This campaign is a pilot for SPEED's broader communication for policy change initiative (C4PC).

This quarter. SPEED worked with CTA and other relevant stakeholders (Ministry of Agriculture (MOA), Ministry of Industry and Trade (MIC), Revenue Authority AT, etc) to ensure that the marketing company properly refines the communication campaign messages. These stakeholders are spearheading the initiative. This consultation has led to full buy-in and acceptance on the part of these key stakeholders.

Results. None so far. However, the initiative is expected to result in the reduction and/or total elimination of illegal taxes on agriculture supply chain participants. In the long-term it is expected that the elimination of these illegal taxes will contribute to improve agriculture competitiveness and reduction of transaction costs.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2014 Q2
58	NTB - Illegal taxes campaign	Admin Procedures	2. Presented for consultation

Next steps. Launch the campaign, scheduled for mid-May 2014. Possibly expand the campaign to other districts if successful.

Rural land legal framework capacity building

Context. The Land Law recognizes the right to land use, known by the Portuguese acronym, DUAT (Direito de Uso e Aproveitamento de Terras). DUATs can be held individually or collectively. Reports on land conflicts between local communities and large-scale investors have

been on the rise. These conflicts are partly explained by the increasing pressure and high demand for land associated with limited administrative capacity of DUATs both at central and local levels. Furthermore, gaining access to land with emerging mineral, gas and coal industries is compounding the challenge, raising tensions amongst community, government and extractive industry. The challenges potentially increase opportunities for social instability, corruption and other inappropriate practices in land administration and management. It is therefore critical to strengthen processes and procedures of obtaining land rights, respecting the legal procedures as well as understanding the macro, institutional and business environment framework underpinning the process of acquisition of rural land. This will help with conflict prevention and facilitate business in a community 'friendly' environment.

In 2012, ACIS requested SPEED's support to produce the third edition of "The Legal Framework for Recognizing and Acquiring Rights to Land in Mozambique in Rural Areas - a Guide to Legalization and Occupation," known as the Land Manual. The [Manual](#) was prepared by Sal & Caldeira in collaboration with the National Directorate of Land and Forests (DNTF). The Manual aims to support the institutions responsible for the administration and management of land, investors, activists and other stakeholders dealing with the processes and procedures related to land access in rural Mozambique.

At the same time, under the New Alliance for Food Security and Nutrition, the GOM has committed to specific policy reforms related to obtaining and trading rural land rights. One of these commitments is to streamline the process for obtaining rural land.

This quarter. A Memorandum of Understanding outlining an agreement between SPEED and Ministry of Agriculture/ National Directorate of Land and Forests (DNTF) on collaboration and support to the Rural Land Legal Framework Capacity Building Project was signed. SPEED reviewed the training and communication materials prepared by Sal & Caldeira and DELCAM *Cosultoria e Serviços*.

Results. None yet.

Next steps. The training of trainers is scheduled for April 23, 2014. The replication of training will take place in May 2014.

Agriculture, food security and nutrition law review

Context. In January the Parliament issued a draft law on agriculture, food security and nutrition for discussion. SPEED was asked to provide a high-level analysis which immediately highlighted a number of significant legal and economic concerns with the draft. On this basis, and feedback received from USAID and MINAG two consultancies were undertaken, a [legal analysis and an economic analysis](#).

This quarter: A high-level analysis followed by a legal and an economic [analysis](#) of the law were undertaken. [Blogs](#) on the subject were also prepared for discussion, and a briefing presentation was given to USAID and other development partners.

Key issues highlighted in the legal analysis included potential unconstitutionality of the law, overlaps and inconsistencies with existing legislation, and costs related to implementation and creation of new government bodies. In terms of unconstitutionality one of the key issues was the impact the draft law would have on the right to undertake business without undue government intervention in the economy.

The economic analysis therefore built on the legal analysis particularly focusing on the potential impacts of this type of legislation on the development of the economy. International best practice options for legislating in the areas of agriculture, food security and nutrition were discussed with a view to providing alternative options for achieving the desired results but without causing undue damage to the private sector.

The law, including an English translation, and the legal and economic analyses were disseminated both through SPEED's web site and social media and through other development partners and SPEED's partners CTA and MINAG.

Results: The draft legislation has been discussed widely with other development partners and with CTA's agriculture sub-committee. Divergent views continue to exist as to how best to achieve the laudable aims of improved agricultural production, food security and nutrition, but consensus is gradually being reached that this legislation will not deliver the type of results required. The situation is complicated by the fact that the law was drafted by parliament, which is an unusual occurrence and something which is being broadly encouraged by development partners to further democratic participation in the legislative process. Therefore it is a sensitive matter to comprehensively criticize one of the first pieces of legislation created in this way.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2014 Q2
61	Food Security and Nutrition law review	Policy	1. Analyzed

Next Steps: It remains unclear at what stage the formal discussion of the legislation at parliamentary level has reached. However partners at CTA and MINAG involved in these discussions have now been equipped with both legal and economic arguments sufficient it is hoped to move for a radical rethink of both the draft law itself and the concept of legislation as a method of achieving results in agriculture, food security and nutrition. SPEED will continue to provide support on the issue when requested.

Agriculture investment plan

Context. In May 2011 the GOM approved the Strategic Policy for Agriculture Sector Development (PEDSA) as the key national CAADP implementation instrument in Mozambique. Subsequently, in December 2011 the Government of Mozambique (GOM), development partners and Civil Society Organizations, signed the CAADP Compact. In January 2012, the GOM launched the preparation of the Agriculture Sector National Investment Plan (PNISA). USAID was asked for assistance and SPEED provided a senior economic advisor to coordinate the process. The Investment Plan was approved in December 2012 and submitted to the NEPAD Secretariat for peer review. This was concluded in February 2013 and in April 2013 the Investment Plan was launched at the Business Meeting held in Maputo and presided by the Mozambican Head of State, H.E. Armando Emilio Guebuza.

This quarter. The implementation of the Investment Plan requires that a monitoring and evaluation plan be developed, as well as setting up an implementation coordinating structure, including a Sector Joint Review mechanism. With the support of Michigan State University, SARKS and IFPRI, the MOA concluded the processes mentioned above and relevant documents will be presented at the first Joint Sector Review meeting scheduled for April 2014. The Economic Advisor is working closely with the SARKS supporting unit and DE.

Development partners are still showing concerns regarding the capacity of MINAG to manage large amount of funds and therefore are pressing for the development of a disbursement mechanism. The World Bank has agreed to fund a consultancy to develop an agriculture-related budget expenditures tracking mechanism to allow alignment between PNISA and Government Budget and support the PNISA reporting mechanism and to respond to development partners concerns.

Representing Mozambique, the senior advisor participated in the 10th CAADP Partnerships Platform held in March 2014, in Durban, South Africa. The CAADP Partnership Platform Meeting is an annual continental forum that brings together CAADP stakeholders from across the continent to dialogue on progress of implementation and build consensus on specific actions to be undertaken to advance Africa's agriculture development agenda. The 10th CAADP PP, held under the theme "Transforming Africa's Agriculture: Harnessing Opportunities for Inclusive Growth and Sustainable Development" is an important milestone in consolidating commitments toward new priorities, strategies and targets to achieve the results and impacts, with special focus on sustained, Africa-led agricultural-led growth and inclusive development.

The senior advisor presented the Mozambican experience in preparing the Joint Sector Review process, and shared Mozambican experience and status of implementation of Agriculture Development Corridors.

Results. 2014 is the first year of full implementation of PNISA. One significant result of this is the budget increase by almost 12% in 2014, for the Ministry of Agriculture. It must be noted that

the lack of disbursement of funds by some development partners caused the 2014 budget for the sector to be short and because of the funding gap important activities remained unfunded this year. In fact, the total Government Budget for MINAG in 2014 represents only 50% of what PNISA foresees for this year. It is anticipated that the funding issue will remain a priority topic for MINAG to discuss with development partners. On the positive side, under the PNISA umbrella the Government of Mozambique has mobilized World Bank support to align the National Budget expenditures in agriculture with the sector strategic planning document, and boost DE analytical capacity.

Next Steps. One major activity for next quarter will be the preparation and convening of the first Joint Sector Review. To this end, the senior advisor will continue working closely with DE and the Supporting Unit to make sure that the review process is successful. Considering the original principles enshrined in PEDSA/PNISA, the Joint Sector Review will facilitate broad-based and inclusive consultations and dialogue among all relevant stakeholders including private sector, farmers and civil society. The senior advisor will also focus on working with the World Bank project to align the National Budget with PNISA. Another activity relates to the Mozambique Agriculture Risk Management mechanism which has started in January and has reached the stage of solutions development for water management and irrigation, crop protection and market access.

As a member of the technical working group, the Economic Advisor will continue supporting this important phase of the implementation of the investment Plan, as well as support the Director of Economics in strengthening the internal coordinating structure of the Investment Plan implementation. The Directorate of Economics is the central unit in the MOA to make sure that the Investment Plan remains the main reference document for budgeting activities in the agriculture sector and to coordinate agriculture related activities of government Ministries.

Senior Advisor will also continue facilitate the coordination between MOA and AU/NEPAD and support the preparation of Mozambique's participation in continental activities related to "2014 Year of Agriculture and Food Security in Africa" and celebrations of 10th Year of CAADP Anniversary of the adoption of the Comprehensive Africa Agriculture Development Program (CAADP).

Support to CEPAGRI on New Alliance Investments

Context. In early 2013, 17 companies signed agreements under the New Alliance for Food Security in Mozambique, committing to contribute to sustainable agricultural development through investments in numerous commodities and value chains. Because CEPAGRI has limited capacity to dedicate the time required to assisting the investors, SPEED hired a consultant to engage as an investment facilitator activities to support CEPAGRI in this endeavor. The investor

facilitation activities expanded from assisting New Alliance companies, to all the companies that are in need of investor assistance or basic agribusiness information.

This quarter. The facilitation team met with an additional 10 new companies or individuals, interested in investing, bringing the total number of entities assisted, since July 2013, to 71. CEPAGRI met with members of a large association representing South African farmers, that gave indication of the likely influx of South African investors into Mozambique, and they have a desire to see CEPAGRI at the forefront of assisting these possible new investments.

The inquiries received this quarter were more technical (as opposed to previous very general inquiries), requiring specific data which CEPAGRI does not have readily available. The interest to invest in agriculture remains high, mainly due to the available low cost arable land, although some have expressed frustration with the difficulties in obtaining the land.

The Facilitation Team has updated the contacts database, and continues to add information to the other databases, and coordinate relevant information to include on the institution's website. It is worth noting that most of the contacts made from January until March, were with companies or individuals which had had previous contact with CEPAGRI's investment facilitation team, showing the increase in confidence in the institution's capacity to assist them.

Results. None yet. Although pending investments are promising.

Next steps. During the coming months, the implementation investment facilitation activities will continue, to include the elaboration of a final report, with a general analysis and recommendations on improvements that could be made and the next steps.

MOA capacity-building (Senior Advisor)

Context. The Ministry of Agriculture experienced a very high rotation in its leadership in last few years, which reflects the elevated expectations – mostly unfulfilled – about its contribution to poverty reduction and the fight against hunger in Mozambique. In fact, agriculture is one of the sectors accorded the highest priority in the Poverty Reduction Strategy. The newly appointed Minister, an agriculture expert, asked USAID to second a senior economist to serve as his advisor as a way to strengthen the capacity of MoA. SPEED was asked to provide one of its professionals to MoA in 2011.

This quarter. The main contribution of the SPEED sponsored senior economic advisor to the Minister of Agriculture was his participation in the discussion of relevant documents the Agriculture Joint Sector Review process and for the Agriculture Sector Coordination Committee. He also provided technical analysis to investment proposals submitted to the Minister and economic regulations proposals submitted to Council of Ministers for approval. He facilitated the visit to Mozambique by the senior official from the Grow Africa Office in Geneva. He

represented the Ministry in CAADP events in Durban and drafted the MOU with China on Sanitary and Phytosanitary cooperation. This has been a precondition for China to allow bananas and other fresh products to be exported from Mozambique to China.

The Economic Advisor was asked to assist DE in preparing the Mozambican tariff offer on agriculture products in preparation of the tripartite trade negotiations between EAC, COMESA and SADC.

He continued to be a facilitator of the constructive dialogue between the MoA and the development partners and a true assistant to the Minister in the field of diplomacy and economic cooperation.

On the other end, the economic advisor has been pivotal in the promotion of technical cooperation between the Ministry of Agriculture and research and educational institutions both national and international, including United States based universities.

Next Steps. Continue monitoring the implementation of the Joint Sector Review process under PEDSA/PNISA and maintain and improve the level of dialogue and engagement between the Ministry of Agriculture and development partners as well as investors. This is critical to success of implementation of the agriculture development strategy and its investment plan. He will continue providing support to the Minister and to the Ministry in the implementation of the dialogue mechanism with the development partners and all the national stakeholders.

The Economic Advisor will continue facilitating the World Bank Mission for solutions identification to agriculture sector risks as per the assessment report presented last year.

He will continue supporting the Minister in various programs and projects, including giving advice on strategic documents submitted to Cabinet for approval.

Tourism and Biodiversity

Tourism and biodiversity. SPEED's work in tourism and biodiversity focuses on helping Mozambique to realize its potential competitiveness in the sector. Tourism is widely seen as one of the most effective ways of preserving biodiversity, as market forces all pull in the same direction – consumers and providers all have an interest in preserving the natural environment and ensuring sustainable use of natural resources. In addition, tourism tends to be labor-intensive, thus providing opportunities for broad-based economic growth as well as biodiversity. The majority of SPEED's effort helps ensure a private-sector friendly **legal and regulatory regime**. An example of legal and regulatory work includes an examination of competition in aviation (Open Skies initiative). In addition, this quarter SPEED began supporting ANAC, an

autonomous government entity recently set up to promote biodiversity across Mozambique's national park system.

Open Skies initiative

Context. Mozambique is among the most attractive destinations for tourism in the region with a variety of natural and cultural attractions. However, this sector has not developed to its full potential. Protectionist aviation policies severely constrain the development of tourism as well as businesses, including those related to high-value added agriculture and just-in-time manufacturing. This protectionism, for example, pulls customers from the entire travel and tourism chain—from hotels, restaurants, and resorts, to car rentals, computer reservation systems, and entertainment, as well as beach and cultural attractions. Further liberalization of air transport would facilitate access to potential regional and domestic tourists, helping to increase income for hotels and other tourist and business related activities. Furthermore, a more liberalized air transport sector would give Mozambique's products greater access to international markets, reduce the cost of doing business with and within Mozambique, and improve the overall business enabling environment. It would also attract more private investment, which, in turn, would create more jobs and more export opportunities. A well planned and realistic liberalization strategy in the Aviation Sector in Mozambique is fundamental to stimulating access to private sector participation and to promoting the competitiveness and diversification of the country's economy.

At the request of the Confederation of Trade Associations (CTA), SPEED identified an international aviation specialist to prepare an assessment of the economic impact of further liberalization of the civil aviation sector in Mozambique.

This quarter. Building on the work done last year, the consultant enriched the analysis, and addressed some of the pertinent comments raised by the various stakeholders. The final report of this study includes a review of current air transportation situation in the country; an identification of possible development scenarios; and an assessment of economic impact of air transportation scenarios – including a summary of applied methodology and results.

Prior to the delivery of the study results, SPEED arranged various engagements between the consultant and key players in the sector; including the Mozambique Civil Aviation Authority (IACM), Linhas Aereas de Moçambique (LAM) - the country's flag carrier, Ministry of Tourism and the Private Sector. These meetings contributed to shape the key recommendations from the report, and better organize the launching event.

Results. The study [final report](#) was launched at a well-attended seminar jointly organized by SPEED and CTA in Maputo. In addition to the high-level audience and impact, the report benefited from strong media coverage, having prompted interest from various cycles in the

sector, including at ministerial levels. Partly to the detail analysis and the practical recommendations laid down by the study, IACM is engaged in a number of processes leading to the implementation of ICAO standards. The open skies study and follow-up discussions have enabled more open consultation from government authorities through established platforms. SPEED client CTA has been approached by both IACM and LAM for comments and general inputs on a number of issues and legislations.

SPEED also prepared a follow up [blog](#) on air transport liberalization in Mozambique.

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2014 Q2
37	Open Skies	Policy	2. Presented for consultation

Next steps. SPEED is engaged in a process of developing a project follow up SOW that would include technical assistance and advisory support to CTA in the area of open skies. To this effect, SPEED is also exploring its own networks to build a roster of civil aviation experts that could be deployed in support of CTA. SPEED is also considering a plan to provide remote technical assistance and join IACM meetings for the revision of bilateral air service agreement (BASA) with South Africa, as requested by our client (CTA).

Impact of renewed conflict on the tourism sector

Context. During 2013, there were a series of attacks which took place initially in the Province of Sofala and subsequently along the main north-south highway, the EN1 between Sofala and Inhambane provinces as well as in Nampula and Inhambane provinces. Due to the number of deaths and serious injuries resulting from the attacks there has been widespread press reporting in the region and internationally. Much of the reporting has focused on potential destabilization of Mozambique's economic development. As a result of the reporting there has been a significant impact on the tourism sector with mass cancellations reported at tourism establishments particularly in Inhambane and Sofala.

The purpose of this assignment is therefore to seek to quantify the cost to the tourism value chain of events between February 2013 and February 2014 and highlight the long and short term effects on the economy.

This quarter. Follow up on the competitive process for the identification of a consultant. Discussion of the SOW, proposed necessary amendments, and agreed on the contents for the data collection interviews.

Results. Consultant identified, field work undertaken, and first draft report submitted on the 21st April 2014.

Next steps. Review the report and revert to the consultant with proposed changes if any. Agree with CTA and ACIS on the breakfast briefing where the report will be presented. Follow up on the report recommendations.

ANAC biodiversity science conference

Context. The Government of Mozambique (GoM) has set aside large segments of the country as protected areas (PAs) in an attempt to conserve its natural heritage while promoting sustainable economic growth. Many of these are important sites of high biodiversity such as Gorongosa Mountain, Lake Niassa, the Quirimbas Archipelago, Monte Namuli, the Chimanimani Massif, and the newly created Primeiras e Segundas Marine Protected Area. According to national estimates, the country is home to more than 5,500 plant, 220 mammal, and 690 bird species, many of which are endemic. Mozambique includes 14 ecological regions, of which seven have global importance as per the WWF Global 200 Ecoregion list. As of 2012, six categories of PAs, covering approximately 159,126 Km², represent approximately 20% of the country's total surface area.

Mozambique's low agricultural productivity, overfishing and high population growth rates have resulted in i) a rapid expansion of the agricultural frontier, ii) a decline in aquatic and marine resources, and iii) severe threats to PAs and ecosystem services. People have for many years been living inside park boundaries and freely exploit natural resources. Pressures on land and natural resource use have further intensified in recent years as the Mozambican economy continues to expand. Weak marine, forest, wildlife, and land use governance have been key contributors to deforestation, poaching, and habitat degradation. As forests are converted to other uses and wildlife populations reduced, demands on remaining natural areas and resources are escalating, creating an environment conducive of greater economic inequality and conflict over these limited wilderness areas. In this light, it is urgent to understand the current state of PAs in the country, determine immediate threats to their biodiversity, and find the best ways to reduce and mitigate these threats. Conservation science can play an essential role in this endeavor, and its findings should prove useful to policy makers and conservation practitioners.

In this context, ANAC, with strong support from the Office of Agriculture, Trade and Business (ATB) at USAID planned to host a workshop on "Conservation Science in Mozambique". The workshop aims to (i) convene scientists, university faculty, graduate and undergraduate students, the Government of Mozambique, and Non-Governmental Organizations (NGOs) undertaking or interested in conservation science in the country; (ii) serve as a venue for investigators to present their latest research; (iii) identify lessons learned and share best practices from current and past research aimed at improving our understanding of biodiversity, ecosystems, ecosystem services, population dynamics, community relations, and human-wildlife conflict; (iv) help ANAC define a National conservation research agenda that can inform policy and park management, and (v)

prioritize research projects for which findings are urgently needed. Individuals of any nationality working on terrestrial, fresh water and marine ecosystems are invited. Areas of interest include conservation science, biodiversity (genes, species, ecosystems), ecology, evolution, population dynamics, population genetics, behavioral ecology, social sciences, wildlife veterinary medicine, biogeography, anthropology, hydrology, and any other relevant subjects.

This quarter. SPEED worked with colleagues to plan the event and procured the company to organize it.

Results. None yet.

Next steps. The conference was held on 21-22 April, 2014. It brought together more than 100 colleagues and provided a rich base of scientific research upon which to build a new strategy for Mozambique. SPEED will continue to work with ANAC to incorporate these and other inputs into its strategy, likely by supporting a senior technical advisor as well as providing assistance on developing the ANAC strategic work plan.

Support to the Ministry of Tourism

Context. Mozambique's tourism sector is capable of boosting the development of the national economy and contributes to fighting poverty by attracting investment to ensure employment, income generation and enhancement of well-being of communities. The Government of Mozambique has defined tourism as one of the strategic sectors to accelerate socio-economic development because it constitute a cross-cutting sector, which allows the use of skilled and unskilled labor, representing a great opportunity for women and young.

Mozambique is privileged due to its strategic location in Southern Africa region and enjoys great natural assets in tourism such as the long coast, the richness of its biodiversity, its National Parks and Reserves, and the unspoiled beaches and natural environment. This tourism potential should be exploited in a sustainable manner to position Mozambique competitively in the region. USAID/SPEED was asked to continue supporting the Ministry of agriculture by providing technical support on policy and legislative issues that create a good business environment for the private sector to invest in adequate tourist infrastructure associated with the efforts of the public sector for conservation of the biodiversity as a major product for tourists and as source of multiple benefits for the rural communities.

This quarter: USAID/SPEED supported a senior adviser to the Minister of Tourism who helped facilitate policy dialogue and events related to the support of biodiversity conservation and private sector involvement in tourism (improving the business environment, investment and legislation).

Results: In biodiversity conservation, the main achievements were: approval by the Cabinet of the Statutes of the National Administration of Conservation Areas (ANAC); the approval by the Parliament of the Law of Conservation Areas – the Law will impose heavy penalties of up to 12 years on anybody convicted of poaching activities; the signing of Memorandum of Understanding (MOU) for the Management of Conservation Areas, by the Mozambican Minister of Tourism, and the Minister of Water and Environmental Affairs of South Africa; the increase in number of Conservation Areas, with the approval by the Council of Ministers of two new Hunting Blocks (Coutadas) in Zambezia Province (Mecaune and Luabo); and Government approved the status of ANAC, which will enable the restructuring process of ANAC.

In terms of support for the private sector, the main achievements included: coordination meeting of stakeholders involved on licensing process of tourism establishments according to the recently approved Decree called “*decreto 97/2013 de 31 de Dezembro (BR 106 serie I) sobre o Regulamento de Empreendimentos Turisticos, restauração e bebidas e salas de dança, que revoga o Decreto 18/2007 de 7 de Agosto*”; facilitation of the meeting between the Minister of Tourism, CTA, USAID and SPEED for the presentation of the main finding of the Open Skies study; and help on dissemination of the SOW for the consultancy on the cost of conflict on tourism.

Next steps. Next steps will include further discussion with the CTA working group on tourism (*pelouro do Turismo*) on the way forward with the recommendations of the Open Skies study. Also the senior advisor will engage with CTA and others stakeholder to disseminate the new legislation and start with process of Hotel Classification according to the new Decree “*decreto 97/2013 de 31 de Dezembro - Regulamento de Empreendimentos Turisticos, restauração e bebidas e salas de dança*”

Democracy and Governance

Democracy and Governance. SPEED’s work on democracy and governance aims to improve **transparency** around issues such as the impending resource boom, the increased visibility of the private sector in policy, and the improvement of corporate ethics. Specifically, SPEED continues to raise the quality and level of dialogue around the country’s **resource boom**, including the newly proposed fiscal regime for extractives and local content regulations. This issue will continue to grow in importance from the democracy and governance perspective. Another key area of work includes the development of a legal framework to formalize public participation in the policy process. There is now a solid consortium of actors from the private sector and civil society that are committed to drive this new legislation forward.

Local content

Context. The USAID SPEED project completed an assessment of the [policy options for local content](#) in late 2013. The team worked closely with CTA and consulted with a variety of private sector businesses and international oil and gas companies currently operating in Mozambique. The analysis drew on international and regional examples of local content policies, laws and regulations and produced recommendations on how Mozambique can strengthen its local content policy in the extractive industry.

The assessment revealed several underlying constraints related to local content and local supplier development. Many of these issues relate to weaknesses in the business enabling environment and require policy reforms and interventions. Some can be addressed through a Local Content Policy that outlines how the government works with extractive industry companies to help build local suppliers and local supply chains. Other constraints require supporting documentation, such as procurement manuals, guidelines and databases, which will enable greater market linkages between international oil and gas companies and local enterprises. In addition, the study recommended the establishment of a senior-level Local Content Task Force to support policy, coordination and monitoring of local content development.

Building off the recommendations of the assessment, the *Confederação das Associações Económicas de Moçambique* (CTA) requested SPEED's support to assist in drafting the terms of reference to establish functioning Local Content Task Force (LCTF) to promote the development of local capabilities that enable domestic business to compete in the emerging mineral resource industry and beyond and improve overall competitiveness of the economy. This development unfold in a context where international oil and gas companies are engaging in “ad-hoc” local content initiatives and government proposed regulatory framework seems to call for regulating local content in the country.

This quarter. SPEED continued participation on different workshops and meetings discussing local content initiatives. SPEED drafted Local Content Task Force which is being discussed with CTA.

Results. Not yet.

Next steps. Work with CTA to constitute the Task Force and continue disseminating the results of the policy paper.

Multistakeholder dialogue platform

Context. Mozambique's emerging and fast growing gas, coal, and mineral resources will without doubt change the country's economic landscape. This development comes with the associated challenge to manage these resources in a transparent and accountable manner, while managing people's expectations. In 2012, Mozambique has emerged as a new giant in Natural

Gas. More than 100 Tcf were discovered mainly in the offshore Rovuma Basin ([SPTEC Advisory](#)). This development raises high expectations of stakeholders. Stakeholders, particularly the community's expectations need to be urgently managed to avoid potential frustrations risking resulting in social unrest, hence curtailing potential development. Strengthening governance, transparency and accountability is one way to mitigate potential conflict likely to arise around the development of the Liquefied Natural Gas (LNG) in Cabo Delgado.

Building off the World Conservation Union (IUCN)'s Sustainable and Fair Coasts Programme (phase I), IUCN submitted to USAID SPEED for support the 'Sustainable Fair Coasts Project (2014-2018)' with the development objective: to support key stakeholders (...)in the LNG sector in Mozambique in their efforts to develop a successful, inclusive and responsible LNG sector that delivers sustainable livelihoods and biodiversity conservation in Cabo Delgado. The project has a wide scope, but USAID /SPEED will focus support on transparency and accountability in the governance of the oil and gas sector.

Therefore, USAID/SPEED will provide support (seed grant) to IUCN to enhance transparency and accountability in the governance of the oil and gas sector in Mozambique, through the establishment of a functional Cabo Delgado Sustainable Development Forum. This Forum is to be established in a context where there are a number of 'platforms' or 'forums' that facilitate some dialogue and consultations on natural resources governance in Mozambique, particularly in Cabo Delgado.

The Cabo Delgado Sustainable Development Forum will bring added value in the establishment of a "neutral" dialogue platform (space) bringing together government, civil society, local business community, local communities most affected by the project, and extractive industries, and international extractive companies, such as Anadarko, to engage in a process of dialogue that will address the likely economic, social, and environment impacts due to arise with LNG development in Cabo Delgado.

The Forum will foster regular, structured, evidence based, inclusive and constructive multi-partite dialogue, information sharing and collective action on mutually agreed social and environmental interventions within Cabo Delgado. This will go a long way towards enhancing the transparency, accountability and governance of the gas/LNG sector in Mozambique in addition to reducing the information asymmetry between critical stakeholders in the project.

This quarter. SPEED engaged with IUCN and other partners at both national and local (Cabo Delgado) levels to discuss, agree and building awareness and consensus around the project need and concept. IUCN submitted to SPEED the project proposal, Cabo Delgado Sustainable Development Forum. SPEED is exploring the best mechanism to provide financial support and quick off implementation.

Results: Not yet.

Next steps. SPEED will work with IUCN and other stakeholders to launch the platform in Cabo Delgado.

Formalizing public participation in the policy process

Context. Public participation in policy making is enshrined in the Constitution of Mozambique which requires submission to the public of draft regulations for collecting suggestions before approval. However, the current process for incorporating the public's view in the policymaking process is largely ad hoc and unsatisfactory for the private sector and civil society. In collaboration with CTA, SPEED commissioned the law firm SAL & Caldeira to draft the bill that will guide public participation in the legislative process in Mozambique. The draft bill aims to create a more transparent and participatory system for policy development and improve the formulation of laws and regulations affecting the business environment (and the public at large). The draft bill was completed in October 2012, and will be subject to a wide consultation process with the private sector and civil society.

This quarter. The Memorandum of Understanding (MoU) outlining the principles, code of conduct and modus operandi of the partnership for the adoption of a law on public participation in the legislative process was signed amongst implementation partners. This was a public event that introduces the project to a wider public. Implementation partners reviewed the Draft Bill in process of correction by Sal & Caldeira. Awareness, communication and dissemination campaigns will initiate in April.

Results. Once approved, this legislation will greatly enhance the civil society and private sector's ability to influence public policy and transparency in public policy making.

Next steps. Broaden the process of consultation across private sector and civil society; submit the draft Bill to the Government or Parliament for consideration and approval, and wider dissemination of the Act (if the proposed bill is approved).

Role of the state in business

Context. Mozambique's two-decade economic growth and socio-political transformations have been accompanied by growing dynamism in business sector. Similarly, the Government of Mozambique (GoM) has through various ways intervened in the business environment with an aim of unlocking constraints and improving the business environment. GoM's involvement in the private sector has in recent years been growing, including through major acquisitions, setting up strong firms with private sector orientation, doing *de facto* business such as logistics, telecoms, agricultural production, etc; raising fears that the state's overwhelmingly competing in unfair grounds with private sector entities. Government moves into the private sector domain,

have since raised mixed signals in a country that is emerging from conflict with underdeveloped productive capacities and overall challenges to doing business.

While on one hand, government rightfully claims that is doing its part in a quest to represent national interests; others, especially the business think government's interference may crowd out private business potential by being the policy maker, legal and regulatory entity, and undertaking *de facto business* operations, which could be left to the private sector. In this context, CTA requested that SPEED contribute to the current discourse by studying the role of the state in business and its impact on the development of private sector in the country.

The objective is to contribute towards a better understanding of- and shaping the *new* role the Mozambican state plays in the country's business environment. By bringing together theoretical and practical experiences on the role of the state in business, SPEED will enrich the knowledge of different players, and bridge existing gaps and concerns through this activity, on the apparent growing role the state has in business in the country. It will also provide a menu of advisory options to the private sector on doing business in a natural resource rich environment, with an ever growing role of the state.

This quarter. This activity was initiated at the end of the first quarter and the selection process is under way. SPEED has prepared the SOW, met key partners (CTA, and ACIS) and discussed the proposed research agenda.

Results None yet.

Next steps. Finalize the recruitment process and revise the work plan in consultation with CTA.

Translating Columbia University report on resource boom

Context/this quarter. In 2013, a capstone team from Columbia University's School of International and Public Affairs (SIPA) conducted a comprehensive review of the opportunities and challenges posed by Mozambique's coming resource boom, entitled [*Mozambique: Mobilizing Extractive Resources for Development*](#). The report covers several critical policy issues related to the economic and commercial impact of the extractive sectors, local content, infrastructure, environment, resettlement, governance and sovereign wealth fund. Given the importance of this work for Mozambique, SPEED agreed to support the translation of the report into Portuguese, entitled [*Mocambique: Mobilizando Recursos Extractivos para a Prosperidade*](#).

Results/next steps. The publication of the document in Portuguese enabled much deeper dissemination with Mozambican stakeholders, and dissemination will be considered (for instance, when the lead researcher Jenik Radon visits Mozambique in June 2014).

MANAGEMENT AND ADMINISTRATION

Staff movements

In anticipation of significant scale-up during the last year of the project, SPEED welcomed three new technical staff: Domingos Mazivila (Senior Advisor), Rosario Marapusse (Senior Advisor), and Carlos Matos (Business Environment Project Manager). In addition, SPEED brought on board a procurement assistant, Laura Nhanombe.

IPEME local currency funds

Context. Mozambique's SME promotion institute, IPEME, received \$1.5 million from USAID in local currency funds generated from various USAID-funded activities in the past. The funding supports a multi-year program of IPEME activities with SMEs. However, IPEME's concerns about government management of the funds led them to ask SPEED to manage the funds on its behalf. SPEED drafted and signed an MOU with IPEME to outline objectives, roles and responsibilities.

This quarter. SPEED worked with IPEME staff on the procurement process for several activities. Additionally, SPEED convened a planning and evaluation meeting with IPEME staff to discuss the implementation of IPEME's 2013 plan of activities, and also to discuss the plans for 2014.

Results. SPEED worked with IPEME to finalize several procurements during this quarter. The two major procurement processes completed this quarter are: the hiring of a consulting firm for the Preparation of the Executive Project and Supervision of the Rehabilitation of the Institute of Cereals of Mozambique in the city of Quelimane, and the hiring of an Infrastructure Procurement Specialist who will be responsible for guiding IPEME through the design and construction process.

Next steps. SPEED will continue to work with IPEME to implement the current work plan.

USAID/SPEED strategy workshop.

Context/this quarter. Given the anticipated scale-up of the SPEED project driven by the expected extension and extra resources, combined with an increased focus on New Alliance and Feed the Future programs on USAID's side, a strategy alignment workshop was held in March 2014. USAID ATB and DG leadership attended, along with SPEED COP and DCOP. The purpose was to identify top priority outcomes for SPEED's final year of activities.

Results/next steps. The group members converged around five primary outcomes it would like to jointly achieve over CY 2014. These include: 1) [Doing Business](#) ranking improved (perhaps to the 125th position?); 2) Multi-stakeholder Dialogue Platform established in Cabo Delgado; 3) significant progress made on New Alliance policy matrix (includes issues of private sector engagement, transparency of process and results, etc.); 4) ANAC positioned / capable of fulfilling its role; 5) public participation law passed by Parliament. The extended SPEED team will continue to monitor progress against these five outcomes.

Social media and communications

Context: Effective communication can be critical for the implementation of policy reforms. Experience has shown that policy reform acceptance, adoption and implementation requires support and buy-in by key stakeholders, and in many cases it has been the missing link to effective economic policy reforms. In many cases strategic communication has been the missing link to support adoption and implementation of policy economic reforms.

Mozambique has been undertaking several reforms to improve business environment and various strategies and institutional structures are in place working on the reform agenda. However, information, adoption and implementation of reforms have been slow and few real improvements have been realized so far.

USAID/SPEED believes that communication will contribute to policy reform adoption and implementation in Mozambique, and a more strategic approach will improve understanding among key decision makers of the need for reforms, clarify paths to reform (solutions and processes), and increase “pressure” from various stakeholders and decision makers to advance the reform process. In this context in 2013 following a retreat and development of a discussion paper, a Communication Strategy for Policy Change (C4PC) was proposed to engage stakeholders to become aware of likely impacts and trade-offs to arise from emerging Resource Boom and to understand, adopt and implement different policy reforms required to improve Business Environment and Agriculture.

This quarter: SPEED has actively engaged with social media (FaceBook, LinkedIn and to a limited extent, Twitter) to disseminate information about policy change issues. In addition SPEED staff and others have contributed a series of blogs which are regularly uploaded onto the Program’s web site. Social media is then used to “drive” interested parties to the site where they can access documents around relevant policy issues which are under discussion, either within the Program and among stakeholders, or in national media. Social media is also used to highlight policy related events being undertaken by Program partners.

To increase discussion and debate around agriculture and the resource boom, SPEED is currently opening a pre-qualified tender for local media companies to partner with CTA and the Program

to develop a series of innovative media interventions over a six month period. These interventions will focus on agriculture and agribusiness competitiveness and will aim to engage a wide variety of people in discussion, as well as informing debate on the issues of the day.

The Program has begun developing a compilation book of relevant documents generated during the life of SPEED and related to competitiveness and the resource boom. The book will be widely disseminated and distributed to increase access to information thus promoting informed debate.

Results: Increased followings on social media lead to increased traffic on the Program's web site and increased access to information to inform debate. SPEED went from 35 "Likes" on Facebook to nearly 1,000 in a matter of a few weeks.

Next steps: Ongoing use of social media and monitoring of results to determine which methods of communication are effective. Roll out of agribusiness competitiveness media project and launch of compilation book.

ANNEX 1: CAPACITY-BUILDING ACTIVITIES AND OUTREACH

	Date	Activity	Venue	Client		Participants		
				Institution	Category	M	F	Subtotal
FY 2014 Q1	16-Oct-13	Local Content	Hotel Avenida	CTA	PS, CSO	75	21	96
	22-Oct-13	PTF Transit within Janela Unica meeting	Customs Office, Maputo	Tax Authority	PS, CSO	23	11	34
	23-Oct-13	PTF Transit within Janela Unica meeting	Ressano Garcia, Maputo	Tax Authority	PS, CSO	28	1	29
	25-Oct-13	PTF Transit within Janela Unica meeting	Hotel Tivoli, Beira	Tax Authority	PS, CSO	17	3	20
	30-Oct-13	PTF Transit within Janela Unica meeting	Cuchamano, Manica	Tax Authority	PS, CSO	22	2	24
	31-Oct-13	PTF Transit within Janela Unica meeting	Zobue, Tete	Tax Authority	PS, CSO	35	3	38
	1-Nov-13	PTF Transit within Janela Unica meeting	Colomue, Tete	Tax Authority	PS, CSO	29	7	36
	4-Nov-13	PTF Transit within Janela Unica meeting	Nacala-Porto, Nampula	Tax Authority	PS, CSO	40	7	47
	6-Nov-13	PTF Transit within Janela Unica meeting	Hotel Chiwindi, Lichinga	Tax Authority	PS, CSO	28	4	32
	7-Nov-13	PTF Transit within Janela Unica meeting	Cuamba, Niassa	Tax Authority	PS, CSO	27	3	30
	22 & 23-Nov-13	National Entrepreneur Fair	Centro C. Joaquim Chissano, Maputo	ANJ	PS, CSO	689	111	800
	4-Dec-13	Dissimination of Insolvency Legislation	Raibow Hotel, Beira	MOJ	PS, CSO	20	2	22
	6-Dec-13	New Faces New Voices	Centro Cultural do BM	ICC	PS, CSO	50	121	171
	5 & 6 -Dec-13	Training of Judges	Raibow Hotel, Beira	MOJ	PS, CSO	15	1	16
	11-Dec-13	Dissimination of Insolvency Legislation	Hotel Executivo, Nampula	MOJ	PS, CSO	29	6	35
	12 & 13 -Dec-13	Training of Judges	Hotel Executivo, Nampula	MOJ	PS, CSO	10	3	13
	17-Dec-13	Dissimination of Insolvency Legislation	Hotel Avenida, Maputo	MOJ	PS, CSO	23	7	30
	18 & 19 Dec-13	Training of Judges	Hotel Avenida, maputo	SPEED	PS, CSO	13	3	16
		Subtotal						1,489

		Subtotal (cumulative)				1,173	316	1,489
FY 2014 Q2	12-Feb-14	Web Design Training	Tax Authority office	Tax Authority	PS, CSO	6	3	9
	20-Feb-14	MOU Signature Public Participation	Afrin Prestige Hotel	CTA	PS, CSO	23	9	32
	20-Mar-14	Open Skies	Radisson Blue Hotel	CTA	PS, CSO	56	12	68
	26-Mar-14	Dialogue Public Reform	VIP Hotel	CTA	PS, CSO	21	7	28
		Subtotal						137
		Subtotal (cumulative)				2,128	601	1,626

ANNEX 2: LIST OF DOCUMENTS PUBLISHED IN Q2 2014

ANNEX 2: LIST OF DOCUMENTS PUBLISHED IN Q1 2014			
Date of Publication	Title	Author(s)	Portuguese/English
Reports			
2014/24/01	Discussion Paper: An Industrial Policy for Mozambique	Ashok Menon	English
2014/28/02	Legal Analysis of the Draft Law on Agriculture, Food Security and Nutrition	MM&A Advogados Associados	English & Portuguese
2014/28/02	Economic analysis of Mozambique's draft Law on agriculture, Food security and Nutrition	Kym Anderson and Associates	English & Portuguese
Presentations			
2014/20/03	Open Skies	Rafael Enriquez	Portuguese & English
2014/23/03	Evolution of Business Environment in Mozambique 1996-2013		
2014/23/03	Evolution of Business Environment in Mozambique 1996 - 2013	Tracy Wyman	Portuguese & English

Notes			
2014/12/01	Non Fiscal Barriers to Agriculture in Mozambique – Typology of Illegal Charges	Tomas Manhicane Jr.	Portuguese & English
2014/20/03	Open Skies: Executive Summary	Rafael Enriquez	Portuguese

ANNEX 3: SUMMARY SITT TABLE

SITT #	SITT Name	Legal Instrument	Stages Achieved this quarter FY2014 Q2
37	Open Skies	Policy	2. Presented for consultation
49	Mining tax law and Petroleum tax law	Policy	3. Presented for legislation
52	Business Environment Evolution	Admin Procedures	2. Presented for consultation
56	Competitiveness in light of the Resource Boom	Policy	2. Presented for consultation
58	NTB - Illegal taxes campaign	Admin Procedures	2. Presented for consultation
61	Food Security and Nutrition law review	Policy	1. Analyzed
62	Competition law - regulation	Regulation	1. Analyzed
			2. Presented for consultation
63	Public Private Dialogue Mechanisms	Policy	1. Analyzed
			2. Presented for consultation
64	Economic cost of "tolerancia de ponto"	Regulation	1. Analyzed